

Message Text

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C O N F I D E N T I A L STATE 110962

SOFIA FOR MAGEE

E.O. 11652: GDS

TAGS: EAGR, BU

SUBJECT: OFFICIAL-INFORMAL

1. CONGRESS HAS BEFORE IT THIRTY-FIVE BILLS RELATING TO AGRICULTURAL TRADE. AS YOU MIGHT EXPECT, BOTH THE CONGRESS AND THE ADMINISTRATION ARE HAVING A DIFFICULT TIME TRYING TO KEEP TRACK O THEM. THEY CONTAIN SOME PROPOSALS OF SPECIAL INTEREST TO YOU.

2. SEVERAL OF THE BILLS ARE INTENDED TO CIRCUMVENT THE JACKSON-VANIK AMENDMENT LIMITATIONS ON EXTENSION OF CCC CREDITS. SOME PROPOSE TO DO THIS BY EXTENDING CCC CRE-DITS TO THE US EXPORTER INSTEAD OF TO THE FOREIGN IMPORTER. OTHERS SIMPLY CIRCUMVENT IT WITH LANGUAGE THAT SUSPENDS THE APPLICATION OF JACKSON-VANIK TO CCC CREDIT. STATE'S POSITION IS THAT WE ARE NOT PROPOSING ANY LEGISLATIVE CHANGES IN JACKSON-VANIK AT THIS TIME.

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3. ANOTHER SET OF BILLS SEEKS TO ESTABLISH AN INTER-MEDIATE CREDIT PROGRAM, I.E., INTERMEDIATE BETWEEN THE THREE YEAR REPAYMENT LIMIT ON CCC CREDITS AND THE LONG REPAYMENT PERIODS AVAILABLE ON PL-480. USDA HAS BEEN PUSHING STRONGLY FOR THIS PROGRAM. STATE IS OPPOSED BE-CAUSE THE PROGRAM WOULD BE MORE LIKELY TO START A CREDIT

WAR WITH OUR MAJORCOMPETITORSTHAN TO INCREASE THE US SHARE OF FOREIGN MARKETS. THE PROGRAM MIGHT HAVE ADVERSE EFFECTS ON THE BALANCE OF PAYMENTS.

4. ANOTHER CONTENTIOUS ISSUE BETWEEN USDA AND STATE IS HR-10434. THAT BILL WOULD ADD A NEW TITLE VIII TO THE AGRICULTURAL ACT OF 1954 WHICH WOULD AUTHORIZE THE ESTABLISHMENT OF AGRICULTURAL TRADING OFFICES OUTSIDE THE AUTHORITY OF THE CHIEF OF THE US DIPLOMATIC MISSION IN THE COUNTRY. NOT SURPRISINGLY, THE DEPARTMENT STRONGLY OPPOSES THIS PROPOSAL.

5. IT IS STILL TOO EARLY TO SAY WHICH, IF ANY, OF THESE PROPOSALS WILL BE IMPLEMENTED. WE WILL KEEP YOU INFORMED OF DEVELOPMENTS. VANCE

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